

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

AUG 6 3 1982

Dear Sir or Madam:

Your application for exemption from Federal income tax as an organization described in Section 501(c)(7) of the Internal Revenue Code has been given consideration.

The evidence presented disclosed that you were incorporated on [REDACTED], under the General Not for Profit Corporation Act of [REDACTED].

Your purposes, briefly stated, are to provide public services to residents and guests of [REDACTED], including providing security and maintenance of the water system, sewer system, private roads, swimming pool, and other facilities. Your income is from residents on an equitable basis.

Section 501(a) of the Internal Revenue Code of 1954 provides for the exemption of certain organizations described in subsection 501(c).

"(7) Clubs organized for pleasure, recreation, and other non-profitable purposes, substantially all of the activities of which are for such purposes and no part of the net earnings of which inures to the benefit of any private shareholder."

Revenue Ruling 75-494, published in Cumulative Bulletin 1975-2, page 214, discusses exemption for organizations similar to yours. The ruling holds that tax exemption is not allowable under 501(c)(7) if an organization engages in any of the following activities: maintaining residential streets, enforcing restrictive covenants, or providing police and fire protection.

Based on information submitted, it appears that your maintenance activities are in direct conflict with the previously cited Revenue Ruling. Your activities are not primarily in furtherance of purposes within 501(c)(7).

Therefore, we have concluded that you do not qualify as an organization described in Section 501(c)(7).

You are required to file Federal income tax returns annually on Form 1120 or Form 1120-H.

[REDACTED]

If you do not agree with these conclusions, you may, within 30 days from the date of this proposed adverse determination letter, appeal to the Regional Office through this Key District Office. Your appeal should contain the information described under Regional Office Appeal in the enclosed Publication 892, and should be mailed to this office. The Regional Office will let you know what action they take, and will set a date and place for any conference to be held. If a written protest is not received within the above time period this determination letter will be final.

This is a determination letter.

Sincerely yours,

Signed [REDACTED]

[REDACTED]
District Director

Enclosure
Publication 892